SECOND TAORMINA/ MESSINA CONFERENCE
(ORGANIZED BY TAOBUK FESTIVAL AND VISION)

LA METAMORFOSI DI EUROPA[1]

EUROPE IN A POST PANDEMIC WORLD – ONE YEAR ONWARDS LOOKING FOR THE IDEAS TO CONTINUE THE DEBATE ON THE FUTURE OF EUROPE IN THE 21ST CENTURY

18th – 21th JUNE 2021

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[1] Europa is the mythological Phoenician princess whose seduction from JOVIS gave birth to the kingdom of CRETE and to the idea of the WEST as civilization.

WORKING GROUPS - BACKGROUND

GROUP 1. DEMOCRATICALLY ACCOUNTABLE GLOBAL DIGITAL PLATFORMS AS THE EUROPEAN APPROACH TO THE BATTLE FOR THE 21ST CENTURY[2]

If we consider the battles[3] defining the quest for global digital leadership, Europe seems to have not even fully entered them. There is no European global digital platform for e-commerce or for social networking and with the departure of UK, the EU lost any presence in chip making. Nokia and Ericsson have long lost all significant trains of innovation on mobile production and design. As far as the 5G, rechargable batteries for digital devices, control of rare materials (from cobalt to nickel) Asia is leaping forward; and more importantly it is the PANDEMIC which is showing that in terms of wide adoption of digital technologies in cities, hospitals and education that Europe is being left behind.

The consequences of such a delay are far-reaching. The following chart reminds us that in the ranking of the most valuable companies of the world (in terms of market capitalization) there is not even one European in the top 50 (whereas, Switzerland has got five of them); only 28 of the 500 UNICORNS (technological start ups whose value is supposed to be higher than 1 BILLION USD) are from EU countries (UK has got 24).
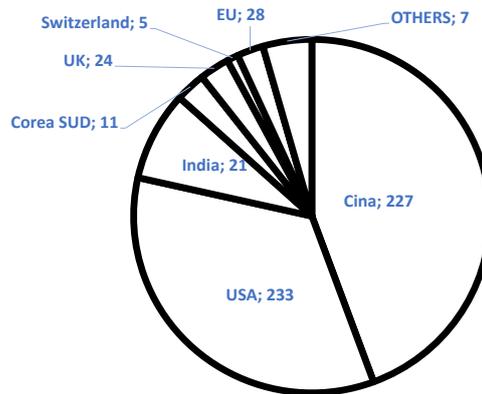
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[2] The background is completed by the conclusions of the 2020 Taormina Conference on global digital platform accessible here
https://www.thinktank.vision/images/2020/Taormina_conference/WG/WG1_conclusions_.pdf

[3] VISION paper consider: suit for PCs, tablets and mobiles (dominated by Microsoft and Kingsoft), search engine (like Google, Baidu and Yandex), mobile makers and designers (Apple, Samsung, Huawei, Xiaomi), online payment platform (We Chat and Alipay), e-commerce platfroms (Amazon and Alibaba), Social media (Facebook, We Chat, Weibo, V Kontakte), chipset makers and designers (Intel, NVidia, IBM, Qualcomm, Huawei, ARM, TSMC), self-driving automakers (Tesla Autopilot, Google and Baidu Apollo, Yandex OS), turbo jet engine maker (French Saffran can do it but only in partnership with GE, but UK, US, China and Russians have thier own independent industies), electric cars and lithium batteries. Pratically in none of these industries EU is competing for market leadership.

RANKING OF LISTED COMPANIES (FOR MARKET CAPITALIZATION, LEFT) AND DISTRIBUTION OF UNICORN (START UP WHOSE VALUE IS HIGHER THAN ONE BILLION USD, 2020) PER COUNTRY (RIGHT)

COMPANY	30 SEP 20	30 SEP 2019	CHANGE
1. SAUDI ARAMCO	2029	1987	2,1%
2. APPLE	1981	1012	95,8%
3. MICROSOFT	1592	1062	49,9%
4. AMAZON	1577	859	83,6%
5. ALPHABET/ GOOGLE	1000	838	19,3%
6. ALIBABA	795	435	82,8%
7. FACEBOOK	746	508	46,9%
8. TENCENT	647	399	62,2%
9. BERKSHIRE HATHAWAY	509	511	-0,4%
10. VISA	426	385	10,6%
71. SAP (FIRST EU)	155	170	- 8,8%

Pie chart: Switzerland; 5 — EU; 28 — OTHERS; 7 — UK; 24 — Corea SUD; 11 — India; 21 — Cina; 227 — USA; 233

SOURCE: VISION ON BLOOMBERG AND TECHCRUNCHDATA, HURUN

The consequences, however, are not only on an economic plane. If it is still true that "information is power"[4], we, then, have a very powerful explanation encompassing the many different crises we witness and comment at the national level and for which we still miss some theory. The INTERNET era has massively reallocated information, and, as a consequence, the forms through which power is achieved, limited, exercised need to be reorganized.

The idea of a "digital Union" (or of a more controversial "digital sovereignty") is, therefore, not only a urgent priority but the possibility to provide to the Union a mission which is relevant enough to justify its political survival in the 21st Century. After all the construction of modern nation States found its powerful economic motivation and then legitimacy in the need to develop transportation infrastructures. Roads, railways, squares, and ports would allow factories to exchange goods so that they could specialize and increase productivity using the marvels of mechanization. Digital platforms are the equivalent of those infrastructures. They are the "pathways" through which services, goods, ideas, and relations are channeled in the 21st Century.

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[4] As Sir Francis Bacon states in the novel NEW ATLANTIS

So far, however, Europe lets its own future slip through its hands. A handful of private companies – some only recently made public in the US (and, as such, regulated by the SEC), others Chinese (and, as such, rigidly controlled by the Chinese Communist Party) – own the contemporary "infrastructure" we all use. It will be very difficult for Europe to be a leader in standard setting in the digital domain if it is not a leader in terms of companies and capabilities.

It is, thus, a question of state-of-the-art regulations and policies, but also of investments: both in new, public European platforms and in start-ups that will create services for those platforms.

WG may then focus its problem solving around the following five strategic questions:

1. For a start what does count as a digital platform? any digital service, regardless of size, that exhibits network effects? a digital service that can channel data gathered for one purpose, say social media, to other purposes, say payments? a "gatekeeper" as defined in the DMA? something else?

2. Does it matter that all the largest existing digital platforms are not European? European consumers, private-sector and public-sector institutions have access to many platforms: European merchants can sell goods to European shoppers on Amazon; European retailers can advertise to European consumers on Google and Facebook. What is the real concern of the Europeans? Impossibility to protect the ownership of business relevant data on your products/ consumers which may lead to competitive disadvantage for European firms, less competition and paradoxically less innovation? Crisis of traditional, more diversified media with the emergence of monopolies capable from outside Europe to select information with risks for democracy? Loss of privacy meant as an individual human right? Erosion of tax base for already heavily indebted

European states? Difficulty to impose on non-European firms labor markets regulation and workers' protection? How does this change according to the type/ definition of platform we are talking about?

3. What is the best way to ensure that Europeans have access to services offered by digital platforms and solve above most pressing potential problems? Enable easy, open to everybody and reliable access to existing non-European ones? European control of how data are treated and if this is the case who should be empowered for such a scrutiny? Elected governments? Ad hoc agencies (like the Competition and Market Authority in UK)? Citizens? European firms? Foster an environment in which new business models (open source based) can flourish? Incentives (through targeted rules) and aids to create digital European champions? (By creating a genuine single market in services, which might lead to all- new platforms that do not compete directly with existing non-European ones? by putting the screws on non-European platforms--forcing them to share data or know-how, giving users rights to their data, breaking the platforms up, somehow capping their market shares--to make it easier for European versions of existing services to gain a foothold?)

4. What rules do digital platforms, existing or emergent, need to follow? (Again: data-sharing? user control over data? no favouring a platform's own services/products over those of third parties? top-down market-share caps?) Would we make a difference between American and Chinese (or Russian) platforms?

5. If any such rules are imposed to constrain digital platforms, would these same rules make it more difficult for new ones to emerge in the first place? (You could imagine that if Facebook or Google started out in a world where users had greater control over their data these platforms might never have grown to their current size. Is a world with many more

smaller digital platforms preferable to a world with a handful of big ones? Is it better to have a few big platforms, including one or two European ones, or a greater number of smaller platforms none of which are European?)